

## **Medicare+Choice in 2004**

**ISSUE:** Continuing a trend we noted last year, the Medicare+Choice program has stabilized, when measured by plan availability and plan participation. However, benefit and premium changes for 2004 have not yet been announced and it is possible that more cost shifting to beneficiaries could occur. Thus, we do not know how those changes will affect beneficiary enrollment for 2004.

### **KEY POINTS:**

- CMS announced that less than one percent of M+C enrollees (about 41,000) will not be able to stay in their current plan. That is the lowest percentage affected since the inception of the program.
- While the number of private fee-for-service plans and the number of enrollees in the plans has increased, the largest plan will reduce its service area, for the third consecutive year, resulting in the loss of the option for about 10 percent of its enrollees.
- While M+C county payment rates for most beneficiaries will rise by 2 percent for 2004, Medicare will still pay an average of 103 percent of fee-for-service for M+C enrollees (before risk-adjustment). Medicare pays 110 percent of FFS spending for enrollees in floor counties in large urban areas and 113 percent of FFS spending in floor counties in other areas. By contrast, in non-floor counties Medicare pays 100 percent of average FFS spending.
- As part of the introduction of the new risk-adjustment system for 2004, county payment rates will all be raised by 4.89 percent for the year. The increase is made to keep payments under the new risk-adjustment equal to payments that would have been made under the old system.

**ACTION:** Staff will present data on M+C payment rates and availability for 2004.

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